

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2181
ANSWERED ON:29.07.2016
Financial Assistance to Andhra Pradesh
Butta Smt. Renuka;Reddy Shri Y. S. Avinash

Will the Minister of FINANCE be pleased to state:

- (a) whether the Union Government has received any request from Government of Andhra Pradesh (AP) and Telangana regarding providing financial assistance and tax incentives and if so, the details thereof;
- (b) whether the AP and Telangana Governments are also requested for implementations of promises such as release of funds to bridge the gap of budgetary deficit and requested for liberal financial assistance, if so, the details thereof; and
- (c) the response of the Union Government thereon?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a) to (b): From time to time, requests for providing financial assistance and tax incentives in terms of provisions of Andhra Pradesh Reorganisation Act, 2014 have been received from the Government of Andhra Pradesh. Specifically, the request has been for providing special grant for new capital city, bridging resource gap, Polavaram Irrigation Project & development of backwards districts. The Government of Telangana has made request for special grant for backward districts. Besides, requests for providing 'One Time Assistance' for Krishna Pushkarams 2016 have also been received from these States. The requests received from the State Governments including Andhra Pradesh and Telangana are dealt in accordance to the provisions of Andhra Pradesh Reorganisation Act, 2014 taking into account resources available with the State(s) and availability of funds with the Union Government within the Gross Budgetary Support (GBS).

(c): Accordingly, having considered resources available with the State(s) and availability of funds with Union Government within Gross Budgetary Support (GBS), since enactment of Andhra Pradesh Reorganisation Act, 2014, Central assistance of Rs.6,403 crore (including releases made by Ministry of Finance) has been provided to the State Government of Andhra Pradesh under various provisions of the Act. The releases

made to the State of Andhra Pradesh includes funds provided for resource gap (Rs.2,803 crore), development of 7 backward districts covering Rayalseema & North Coastal Region (Rs.700 crore), new capital city (Rs.2,050 crore) and Polavaram Irrigation Project (Rs.850 crore). Similarly, Central assistance of Rs.450 crore has been provided for development of 9 districts of Telangana. Further, as per section 94(1) of the AP Reorganization Act, 2014, Income Tax Act was amended in 2015 to provide tax concessions to the State of Andhra Pradesh and Telangana. Accordingly, the States are eligible for additional depreciation under Section 32(1) (iia) of the Income Tax Act and for additional investment allowance under Section 32 AD of the Income Tax Act. The Tax benefit has been extended to Telangana. In case of Andhra Pradesh, the backward districts for the purpose of tax incentives could not be notified as the list of the backward districts is awaited from the State.
